

**Phone Etiquette**

**Serving Disgruntled Taxpayers**

## **IC 700: 2013 Individual Income Tax Updates**

**Helpful Taxpayer Assistance Guide**

**January, 2014**

## Phone Etiquette & Serving Disgruntled Taxpayers




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## Taxpayer Assistance

- 2013 Call Volume
  - Taxpayer Assistance 131,263
  - All Groups 179,814
  - Average # of calls per person 2,000
  - Average # of calls per person per day 100

### Top 5 Reasons for Phone Calls

1. Refund inquiries
2. Tax notices & Explanations
3. Forms requests
4. Amended return status
5. Change of address

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## Phone Etiquette

- Greeting
- Smile ☺
- Tone
- Clarity
- Volume

"Good afternoon!  
Thanks for calling  
Taxpayer Assistance.  
My name is Sarah.  
How may I help you?"

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## Phone Etiquette

- Conversation
  - Good listening
    - Make sure you understand exactly what they are asking
- Positive Solutions
 

<i>"I'll find out for you"</i>	vs.	<i>"I don't know"</i>
<i>"I'm not able to do that, but..."</i>	vs.	<i>"No"</i>
<i>"Let me find someone who can take care of that for you"</i>	vs.	<i>"That's not my job"</i>
<i>"I can fix this for you"</i>	vs.	<i>"It's our mistake"</i>
<i>"I will follow up with you"</i>	vs.	<i>"Call me back"</i>
- Address the customer respectfully
  - Mr. Smith/Miss Jones

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## Phone Etiquette

- Other Phone Actions
  - Transferring Calls
  - Placing the caller on hold
  - Leaving a message
    - With a person
    - On a machine




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## Phone Etiquette

- Ending the call
  - Conclude on a positive note
  - Repeat actions to be taken by you AND the caller
  - Timeframes
- Follow-up

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## Serving Disgruntled Taxpayers

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## Serving Disgruntled Taxpayers

Consumer Survey

<ul style="list-style-type: none"> <li>• 70%</li> <li>• 72%</li> <li>• 76%</li> <li>• 83%</li> <li>• 84%</li> <li>• 68%</li> <li>• 57%</li> </ul>	<p>want</p>	<p>Apology</p> <p>Tell their story or express anger</p> <p>Explanation</p> <p>Assurance mistake not repeated</p> <p>Service or repair</p> <p>Thank you for your business</p> <p>Money back</p>
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Source: Customer Care Measurement & Consulting and Arizona State University (2007)

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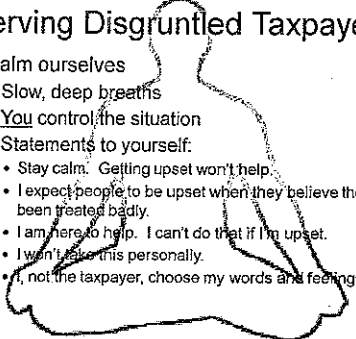
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## Serving Disgruntled Taxpayers

- Calm ourselves
- Slow, deep breaths
- You control the situation
- Statements to yourself:
  - Stay calm. Getting upset won't help.
  - I expect people to be upset when they believe they have been treated badly.
  - I am here to help. I can't do that if I'm upset.
  - I won't take this personally.
  - If, not the taxpayer, choose my words and feelings.



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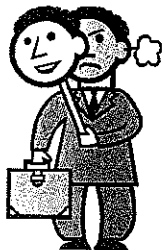
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## Serving Disgruntled Taxpayers

### Steps to Calm a Taxpayer

- Listen
  - Do not argue or interrupt
- Empathize
  - The Golden Rule
- Validate
  - State the facts of the situation
- Apologize




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## Serving Disgruntled Taxpayers

### DO:

- Be polite
- Apologize
- Speak slowly and softly
  - Control
- Give them something they want

### DO NOT:

- Challenge the taxpayer
- Wander off topic
- Participate in fault finding
- Let your personal feelings get in the way

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## Helpful Taxpayer Assistance Guide

- Changes for current year
  - Schedule A limitation
  - Same Sex Marriage
  - 740 NP electronic filing
  - Estimated tax payments being allowed from 8879-K
  - Estimated tax vouchers and Electronic Pay vouchers-not on website
- Need to know time frames
- Refund checks & other issues
- Direct Deposit
- Stop pay procedures
- Request for copy of tax refund check
- Stale dated memo
- Requesting copies of tax returns
- 1099 G's

- Enterprise Collections
- Working a “replacement” return
- Drops worked by Compliance
- PF 19-Changing taxpayer information
- Tax calculation and family size tax credit tables
- Error codes
  - System Generated Letters
    - R1-R4
    - CF
    - DD
- Drop Codes
- Protest
- Phone Etiquette Tips



If the amount on Form 740, line 9, exceeds \$178,150 (\$89,075 if married filing separately on a combined return or separate returns), skip Part I and complete Part II.

### PART I—DIVIDING DEDUCTIONS BETWEEN SPOUSES

Use this schedule if married filing separately on a combined return.

1. Total itemized deductions from page 1, line 30..... 20,000
2. Percent of income (Form 740, line 9, Column A) to total income (Form 740, total of line 9, Columns A and B)..... %
3. Percent of income (Form 740, line 9, Column B) to total income (Form 740, total of line 9, Columns A and B)..... %
4. Percent on line 2 times total deductions entered on line 1 (enter here and on Form 740, line 10, Column A).....
5. Percent on line 3 times total deductions entered on line 1 (enter here and on Form 740, line 10, Column B).....

### PART II—ITEMIZED DEDUCTIONS LIMITATION SCHEDULE

Use this schedule if the adjusted gross income on Form 740, line 9, exceeds \$178,150 (\$89,075 if married filing separately on a combined return or separate returns).

	A. Spouse	B. Yourself (or Joint)
<p>• If married filing separately on a combined return, enter in <b>Column A</b> the percent of income (Form 740, line 9, Column A) to total income (Form 740, total of line 9, Columns A and B); enter in <b>Column B</b> the percent of income (Form 740, line 9, Column B) to total income (Form 740, total of line 9, Columns A and B).</p> <p>• If single, married filing a joint return or married filing separate returns, enter 100% in Column B.</p>	<p>_____ %</p>	<p>100 %</p>
1. Multiply the amount on Schedule A, line 30, by the percent of income shown in Columns A and/or B .....	1. _____	1. <u>20,000</u>
2. Add the amounts on Schedule A, lines 3, 13 and 22, plus any gambling losses included on line 29 and multiply by the percent of income shown in Columns A and/or B.....	2. _____	2. <u>0</u>
<i>Note: Be sure your total gambling losses are clearly identified on line 29.</i>		
3. Subtract the amount on line 2 from the amount on line 1. If the result is zero, enter the amount from line 1 above on Form 740, line 10; and <b>STOP HERE</b> ..	3. _____	3. <u>20,000</u>
4. Multiply the amount on line 3 above by 80% (.80) ....	4. _____	4. <u>16,000</u>
5. Enter the amount from Form 740, line 9.....	5. _____	5. <u>220,000</u>
6. Enter \$178,150 (\$89,075 if married filing separately on a combined return or separate returns) .....	6. _____	6. <u>178,150</u>
7. Subtract the amount on line 6 from the amount on line 5. If the result is zero or less, enter the amount from line 1 above on Form 740, line 10; and <b>STOP HERE</b> .....	7. _____	7. <u>41,850</u>
8. Multiply the amount on line 7 above by 3% (.03) .....	8. _____	8. <u>1,256</u>
9. Compare the amounts on lines 4 and 8 above. Enter the smaller of the two amounts here .....	9. _____	9. <u>1,256</u>
10. Total itemized deductions. Subtract the amount on line 9 from the amount on line 1. Enter the result here and on Form 740, line 10 .....	10. _____	10. <u>18,744</u>



**SCHEDULE A****Form 740**

42A740-A

Department of Revenue

**KENTUCKY ITEMIZED DEDUCTIONS**

➤ See instructions.

➤ Attach to Form 740.

**2013**

Enter name(s) as shown on Form 740, page-1.

Your Social Security Number

<b>Medical and Dental Expenses</b>	<b>Do not include expenses reimbursed or paid by others.</b> 1. Medical and dental expenses..... 1 2. Enter 7.5% (.075) of the amount from Form 740, line 9..... 2 3. <b>Total medical and dental.</b> Subtract line 2 from line 1. If zero or less, enter -0-..... ➤ 3 00		
<b>Taxes</b> <i>Note: Sales and use taxes and new motor vehicle taxes are not deductible.</i>	4. Local income taxes (do not include state income tax)..... 4 5. Real estate taxes..... 5 6. Personal property taxes..... 6 7. Other taxes (list) ..... 7 8. <b>Total taxes.</b> Add lines 4 through 7. Enter here..... ➤ 8 00		
<b>Interest Expense</b> <i>Note: Personal interest is not deductible.</i>	9. Home mortgage interest and points reported to you on federal Form 1098 ..... 9 10. Home mortgage interest not reported to you on federal Form 1098 (if paid to an individual, show that person's name, identifying number and address) ..... 10 <i>See instructions for lines 11 and 12.</i> 11. Points not reported to you on federal Form 1098 ..... 11 12. Qualified mortgage insurance premiums ..... 12 13. Investment interest (attach federal Form 4952 if required) ..... 13 14. <b>Total interest.</b> Add lines 9 through 13. Enter here..... ➤ 14 00		
<b>Contributions</b> <i>Note: For any contribution of \$250 or more, see instructions.</i>	15. Contributions by cash or check..... 15 16. Other than cash or check (attach federal Form 8283 if over \$500) ..... 16 17. Artistic charitable contributions deduction (attach copy of appraisal) ..... 17 18. Carryover from prior year..... 18 19. <b>Total contributions.</b> Add lines 15 through 18. Enter here..... ➤ 19 00		
<b>Casualty and Theft Losses</b>	20. Enter amount from attached federal Form 4684, Section A, line 16..... 20 21. Enter 10% (.10) of the amount from Form 740, line 9..... 21 22. <b>Total casualty or theft loss(es).</b> Subtract line 21 from line 20. If zero or less, enter -0-..... ➤ 22 00		
<b>Job Expenses and Most Other Miscellaneous Deductions</b>	23. Unreimbursed employee expenses—job travel, union dues, job education, etc. (attach Form 2106 or 2106-EZ if applicable) list ..... 23 24. Tax preparation fees ..... 24 25. Other (investment, safe deposit box, etc.) list ..... 25 26. Add the amounts on lines 23, 24 and 25. Enter here ..... 26 27. Enter 2% (.02) of the amount from Form 740, line 9 ..... 27 28. <b>Total.</b> Subtract line 27 from line 26. If zero or less, enter -0-..... ➤ 28 00		
<b>Other Miscellaneous Deductions</b>	29. Other (see instructions) ..... ➤ 29 00		
<b>Total Itemized Deductions</b>	30. Add lines 3, 8, 14, 19, 22, 28 and 29. Enter here..... ➤ 30 00		

★ If single or married filing jointly and your income for Form 740, line 9, column B does not exceed \$178,150, enter total itemized deductions on Form 740, line 10, column B.

★ All others go to page 2.



If the amount on Form 740, line 9, exceeds \$178,150 (\$89,075 if married filing separately on a combined return or separate returns), skip Part I and complete Part II.

### PART I—DIVIDING DEDUCTIONS BETWEEN SPOUSES

Use this schedule if married filing separately on a combined return.

1. Total itemized deductions from page 1, line 30.....
2. Percent of income (Form 740, line 9, Column A) to total income (Form 740, total of line 9, Columns A and B)..... %
3. Percent of income (Form 740, line 9, Column B) to total income (Form 740, total of line 9, Columns A and B)..... %
4. Percent on line 2 times total deductions entered on line 1 (enter here and on Form 740, line 10, Column A).....
5. Percent on line 3 times total deductions entered on line 1 (enter here and on Form 740, line 10, Column B).....

### PART II—ITEMIZED DEDUCTIONS LIMITATION SCHEDULE

Use this schedule if the adjusted gross income on Form 740, line 9, exceeds \$178,150 (\$89,075 if married filing separately on a combined return or separate returns).

	A. Spouse	B. Yourself (or Joint)
• If married filing separately on a combined return, enter in <b>Column A</b> the percent of income (Form 740, line 9, Column A) to total income (Form 740, total of line 9, Columns A and B); enter in <b>Column B</b> the percent of income (Form 740, line 9, Column B) to total income (Form 740, total of line 9, Columns A and B).		
• If single, married filing a joint return or married filing separate returns, enter 100% in Column B.	_____ %	_____ %
1. Multiply the amount on Schedule A, line 30, by the percent of income shown in Columns A and/or B .....	1. _____	1. _____
2. Add the amounts on Schedule A, lines 3, 13 and 22, plus any gambling losses included on line 29 and multiply by the percent of income shown in Columns A and/or B.....	2. _____	2. _____
<i>Note: Be sure your total gambling losses are clearly identified on line 29.</i>		
3. Subtract the amount on line 2 from the amount on line 1. If the result is zero, enter the amount from line 1 above on Form 740, line 10; and <b>STOP HERE</b> ..	3. _____	3. _____
4. Multiply the amount on line 3 above by 80% (.80) ....	4. _____	4. _____
5. Enter the amount from Form 740, line 9.....	5. _____	5. _____
6. Enter \$178,150 (\$89,075 if married filing separately on a combined return or separate returns) .....	6. _____	6. _____
7. Subtract the amount on line 6 from the amount on line 5. If the result is zero or less, enter the amount from line 1 above on Form 740, line 10; and <b>STOP HERE</b> .....	7. _____	7. _____
8. Multiply the amount on line 7 above by 3% (.03) .....	8. _____	8. _____
9. Compare the amounts on lines 4 and 8 above. Enter the <b>smaller</b> of the two amounts here .....	9. _____	9. _____
10. Total itemized deductions. Subtract the amount on line 9 from the amount on line 1. Enter the result here and on Form 740, line 10 .....	10. _____	10. _____

**SCHEDULE A**

Form 740-NP

42A740-NP-A

Department of Revenue

➤ See instructions. ➤ Attach to Form 740-NP.



KENTUCKY SCHEDULE A

ITEMIZED DEDUCTIONS

**2013**

Enter name(s) as shown on Form 740-NP, page 1.

Your Social Security Number

<b>Medical and Dental Expenses</b>	<b>Do not include expenses reimbursed or paid by others.</b>				
	1. Medical and dental expenses .....	1			
	2. Enter amount from Form 740-NP, page 1, line 8.....	2			
	3. Multiply the amount on line 2 by 7.5% (.075). Enter result .....	3			
	4. <b>Total medical and dental.</b> Subtract line 3 from line 1. If zero or less, enter -0-.....		➤	4	
<b>Taxes</b>  <i>Note: Sales and use taxes and new motor vehicle taxes are not deductible.</i>	5. Local income taxes (do not include state income tax) .....	5			
	6. Real estate taxes .....	6			
	7. Personal property taxes .....	7			
	8. Other taxes (list) .....	8			
	9. <b>Total taxes.</b> Add the amounts on lines 5 through 8. Enter here.....	➤	9		
<b>Interest Expense</b>  <i>Note: Personal interest is not deductible.</i>	10. Home mortgage interest and points reported to you on federal Form 1098.....	10			
	11. Home mortgage interest not reported to you on federal Form 1098 (if paid to an individual, show that person's name and address) .....	11			
	<b>See instructions for lines 12 and 13.</b>				
	12. Points not reported to you on federal Form 1098 .....	12			
	13. Qualified mortgage insurance premiums.....	13			
	14. Investment interest (attach federal Form 4952 if required).....	14			
	15. <b>Total interest.</b> Add the amounts on lines 10 through 14. Enter here.....	➤	15		
<b>Contributions</b>  <i>Note: For any contribution of \$250 or more, see instructions.</i>	16. Contributions by cash or check .....	16			
	17. Other than cash or check (attach federal Form 8283 if over \$500) .....	17			
	18. Carryover from prior year .....	18			
	19. <b>Total contributions.</b> Add the amounts on lines 16 through 18. Enter here.....	➤	19		
<b>Casualty and Theft Losses</b>	20. Enter amount from attached federal Form 4684, Section A, line 16 .....	20			
	21. Enter amount from Form 740-NP, page 1, line 8.....	21			
	22. Multiply the amount on line 21 by 10% (.10). Enter result .....	22			
	23. <b>Total casualty or theft loss(es).</b> Subtract line 22 from line 20. If zero or less, enter -0- .....	➤	23		
<b>Job Expenses and Most Other Miscellaneous Deductions</b>	24. Unreimbursed employee expenses—job travel, union dues, job education, etc. (attach Form 2106 or 2106-EZ if applicable) list .....	24			
	25. Tax preparation fees.....	25			
	26. Other (investment, safe deposit box, etc.) list .....	26			
	27. Add the amounts on lines 24, 25 and 26. Enter here .....	27			
	28. Enter amount from Form 740-NP, page 1, line 8.....	28			
	29. Multiply the amount on line 28 by 2% (.02). Enter result .....	29			
	30. <b>Total.</b> Subtract line 29 from line 27. If zero or less, enter -0- .....	➤	30		
<b>Other Miscellaneous Deductions</b>	31. Other (see instructions) .....				
					➤ 31
<b>Total Itemized Deductions</b>	32. Add the amounts on lines 4, 9, 15, 19, 23, 30 and 31. Enter here.....	➤	32		
<ul style="list-style-type: none"><li>• If the amount on Form 740-NP, line 8, exceeds \$178,150 (\$89,075 if married filing separate returns), skip lines 33 through 36 and complete the limitation schedule on the reverse of this form; or</li><li>• If married filing separate returns, or spouse is not filing a Kentucky return, complete lines 33 through 36 below. If single or married filing jointly, enter total deductions (line 32 above) on Form 740-NP, page 1, line 11.</li></ul>					
33. Enter your income from Form 740-NP, page 1, line 8.....	33				
34. Enter joint or combined federal Adjusted Gross Income.....	34				
35. Divide line 33 by line 34. Enter percentage .....	35				%
36. Multiply line 32 by line 35. This is your portion of total itemized deductions. Enter here and on Form 740-NP, page 1, line 11 .....	➤	36			

# SCHEDULE ME

Form 740-NP

42A740-NP-ME

Commonwealth of Kentucky  
Department of Revenue



➤ Attach to Form 740-NP.

## MOVING EXPENSE AND REIMBURSEMENT

2013

Enter name(s) as shown on Form 740-NP, page 1.

Your Social Security Number

1. Enter total Kentucky earned income (do not include moving expense reimbursement) .....	1		
2. Enter total earned income from federal return (do not include moving expense reimbursement) .....	2		
3. Divide line 1 by line 2. Enter result. If amount is equal to or greater than 100%, enter 100% .....	3		%
4. (a) Enter moving expense reimbursement included in wages .....	4(a)		
(b) Subtract Form 3903, line 3, from Form 3903, line 4, and enter result. If zero or less, enter -0- .....	4(b)		
(c) Add lines 4(a) and 4(b) above and enter result here and on Form 740-NP, page 4, line 2, Column A. This is your <b>moving expense reimbursement for federal</b> .....	4(c)		
5. Multiply line 4(c) by line 3. Enter result here and on Form 740-NP, page 4, line 2, Column B. This is your <b>moving expense reimbursement for Kentucky</b> .....	5		
6. Enter moving expense deduction from federal Form 3903, line 5, here and on Form 740-NP, page 4, line 21, Column A	6		
7. Multiply line 6 by percentage on line 3. Enter here and on Form 740-NP, page 4, line 21, Column B. This is your <b>allowable Kentucky moving expense</b> .....	7		

### INSTRUCTIONS—SCHEDULE ME

**Full-Year Nonresidents**—If you are a full-year nonresident, moving expense reimbursements are not taxable, and moving expenses are not deductible.

**Part-Year Residents**—If you are a part-year resident, any payments to you or on your behalf by any employer for moving expenses are considered income. These payments will be included in wages (box 1) or will be shown separately on the wage and tax statements.

Persons who were residents of Kentucky for only part of the year are required to report as income only part of the total reimbursement they received. *The amount which must be reported to Kentucky as income is based on the percentage of Kentucky earned income to total earned income.*

For the computation of this percentage, earned income is income you received for services you provided. It includes wages, salaries, tips, etc. It also includes income earned from self-employment (Schedules C, C-EZ and F and partnerships).

**Line 1**—Enter earned income received from Kentucky sources while a nonresident and from all sources while a resident of Kentucky. Do not include moving expense reimbursement reflected on the wage and tax statements (box 1).

**Line 2**—Enter total earned income reported on your federal return. Do not include moving expense reimbursement reflected on the wage and tax statements (box 1).

**Line 4(a)**—Enter moving expense reimbursement included in wages (box 1 of Form W-2).

**Line 4(b)**—Subtract federal Form 3903, line 3, from federal Form 3903, line 4, and enter result. If zero or less, enter -0-.

**Line 4(c)**—Add lines 4(a) and 4(b) above and enter result here and on Form 740-NP, page 4, line 2, Column A. This is your **moving expense reimbursement for federal** on the Form 740-NP.

**ITEMIZED DEDUCTIONS LIMITATION SCHEDULE**—Use this schedule if the federal adjusted gross income on Form 740-NP, line 8, exceeds \$178,150 (\$89,075 if married filing separate returns).

• If married filing separate returns but combining itemized deductions on one Schedule A, enter the percent of your separate income (Form 740-NP, line 8) to joint or combined federal adjusted gross income.

• If single, married filing a joint return or married filing separate Schedules A, enter 100%. \_\_\_\_\_ %

1. Multiply the amount on Schedule A, line 32, by the percent of income shown above .....	1.	_____
2. Add the amounts on Schedule A, lines 4, 14 and 23, plus any gambling losses included on line 31 and multiply by the percent of income shown above .....	2.	_____
<b>Note:</b> Be sure your total gambling losses are clearly identified on line 31.		
3. Subtract the amount on line 2 from the amount on line 1. If the result is zero, enter the amount from line 1 above on Form 740-NP, line 11; and <b>STOP HERE</b> .....	3.	_____
4. Multiply the amount on line 3 above by 80% (.80) .....	4.	_____
5. Enter the amount from Form 740-NP, line 8 .....	5.	_____
6. Enter \$178,150 (\$89,075 if married filing separate returns) .....	6.	_____
7. Subtract the amount on line 6 from the amount on line 5. If the result is zero or less, enter the amount from line 1 above on Form 740-NP, line 11; and <b>STOP HERE</b> .....	7.	_____
8. Multiply the amount on line 7 above by 3% (.03) .....	8.	_____
9. Compare the amounts on lines 4 and 8 above. Enter the smaller of the two amounts here .....	9.	_____
10. Total itemized deductions. Subtract the amount on line 9 from the amount on line 1. Enter the result here and on Form 740-NP, line 11 .....	10.	_____

## Same-sex, Kentucky return, filing guidance

A taxpayer that is filing a Federal "Married Filing Jointly" or "Married Filing Separately" return under the guidance of Internal Revenue Service Revenue Ruling 2013-17 for legally married same sex couples, should file their Kentucky return as follows:

**Filing paper returns:** Each taxpayer will file a separate "single" Kentucky return. If required, each taxpayer will attach a copy of their Federal return, as filed, to each single return. This will not be any different than the previous year except the attached Federal return will include income from both taxpayers as allowed in the Internal Revenue Service Revenue Ruling 2103-17.

**Filing electronic returns for the state only:** Each person will file a separate "single" Kentucky return. The software package would have to allow different marital statuses on federal and state returns. The same Federal return information reported to the IRS, will be included by both taxpayers in their state only electronic filing. No Federal return would be submitted electronically to the IRS with these Kentucky state returns.

**Filing electronically for Federal and State:** If the software provides the option to file married for the Federal return and single for a state return, then one taxpayer will file and submit the "Married" federal return and a "single" state return. The other taxpayer will file a single state only return and include the Federal return information but not submit the Federal return to the IRS.

In all cases **Itemized deductions related to joint ownership** should be separated by agreement or some other acceptable method of division between the two parties for the Kentucky returns.

If the Software **does not allow for the option to file "married" for the Federal return and "single" for the State** return then the taxpayers would file two separate single state only paper returns and include the Federal return information with each separate return if required.

The taxpayer could also look for another software package that allows for the different filling statuses of the Federal return and the State return.

Same Sex sample questions.

Q: How do you report a family plan health insurance that is paid for by the employer.

A: The amount that is attributable to the partner that is not an employee of the employer will be added back on schedule M line 7. The difference between a single or parent plus policy and the active policy would be the amount attributable to the partner.

Q: Do I enter the full amount of full amount of Federal AGI from the Federal return on line 5?

A: No. Enter only that portion of the Federal AGI that is attributable to the taxpayer filing that return.

Q: The taxpayer and their married partner jointly own bonds issued by another state, how is this reported on schedule M or for that matter any item on schedule M in which both participate?

A: If individual ownership can not be determined then the adjustment must be divided by agreement or some other reasonable method of division.

Q: if one taxpayer uses itemized deductions can the other use the standard deduction?

A: Yes, they are considered separate returns reported by separated taxpayers. However, only that portion of the itemized deductions attributable to the taxpayer claiming itemized deductions may be taken.

Q: How do you report income from a business that is owned jointly?

A: Each taxpayer would report their share of the income and expenses incurred. The business would be considered a general partnership in Kentucky if no other designation was applied for through the secretary of state.

DO NOT MAIL! RETAIN FOR YOUR RECORDS.

8879-K



42A740-S22  
Department of Revenue

KENTUCKY INDIVIDUAL INCOME TAX  
DECLARATION FOR ELECTRONIC FILING

2013

Submission Identification Number (SID) ▶

Taxpayer's Name

Taxpayer's Social Security number

Spouse's Name

Spouse's Social Security number

PART I—Tax Return Information (Whole Dollars Only)

A Spouse

B Taxpayer

1. Kentucky taxable income	740, line 11	740-NP, line 13	1	.00	.00
2. Total tax liability	740, line 28	740-NP, line 28	2		.00
3. Total payments	740, line 31	740-NP, line 31	3		.00
4. Refunded to you	740, line 40	740-NP, line 40	4		.00
5. Amount you owe	740, line 44	740-NP, line 44	5		.00

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PART II—☐ Direct Deposit of Refund ☐ Direct Debit of Tax Amount Due ☐ Direct Debit of Estimate Tax

6. Routing transit number (RTN)

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

The first two numbers of the RTN must be  
01 through 12 or 21 through 32.

7. Depositor account number (DAN)

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

8. Type of account: ☐ Savings ☐ Checking

9. Tax due debit amount

Estimate tax debit amount

Debit date MM/DD/YYYY

Debit date ☐ April 15, 2014

☐ June 16, 2014

☐ September 15, 2014 ☐ January 15, 2015

10. In order to comply with electronic banking regulations, please answer the following questions.

a. Direct Deposit—Will these funds be going to an account outside of the United States? Yes ☐ No ☐

b. Direct Debit—Will these funds come from an account located outside of the United States? Yes ☐ No ☐

PART III—Declaration of Taxpayer (Sign only after Part I is completed.)

11. ☐ I consent that my refund be directly deposited as designated in Part II, and declare that the information shown on lines 6 through 10 is correct. If I have filed a joint return, this is an irrevocable appointment of the other spouse as an agent to receive the refund.

12. ☐ I do not want direct deposit of my refund or am not receiving a refund.

13. ☐ I authorize the Kentucky Department of Revenue and its designated Financial Agent to initiate an ACH electronic funds withdrawal entry to the financial institution account indicated above for payment of my state taxes owed on this return and/or payment(s) of estimate tax, and the financial institution to debit the entry to this account. This authorization is to remain in full force and effect until I notify the Kentucky Department of Revenue to terminate the authorization. To revoke (cancel) a payment, I must contact the Kentucky Department of Revenue at (502) 564-4581 no later than 2 business days prior to the payment (debit) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.

If I have filed a balance due return, I understand that if the Kentucky Department of Revenue does not receive my full and timely payment of my tax liability, I will remain liable for the tax liability and all applicable interest and penalties.

Under penalties of perjury, I declare that the information I have given my electronic return originator (ERO) or transmitter and the amounts in Part I above agree with the amounts on the corresponding lines of the electronic portion of my 2013 Kentucky income tax return. To the best of my knowledge and belief, my return is true, correct and complete. I consent to my ERO or transmitter sending my return and accompanying schedules and statements to the Kentucky Department of Revenue. I also consent to the Kentucky Department of Revenue sending my ERO and/or transmitter an acknowledgment of receipt or transmission and an indication of whether or not my return is accepted, and, if rejected, the reason(s) for the rejection.

Your Signature (If joint or combined return, both must sign)

Spouse's Signature

Telephone Number (daytime)

Date Signed

PART IV—Declaration and Signature of Electronic Return Originator and Paid Preparer

I declare that I have reviewed the above taxpayer's return and that the entries on Form 8879-K are complete and correct to the best of my knowledge. If I am only a collector, I am not responsible for reviewing the return and only declare that this form accurately reflects the data on this return. If Part II is completed, I declare that I have verified the taxpayer's proof of account and it agrees with the name shown on this form. The taxpayer will have signed this form before I submit the return. I will give the taxpayer a copy of all forms and information to be filed with the Kentucky Department of Revenue, and have followed all other requirements in Kentucky Publication KY-1345, Kentucky Handbook for Electronic Filers of Individual Income Tax Returns (Tax Year 2013). If I am also the paid preparer, under penalties of perjury I declare that I have examined the above taxpayer's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct and complete. This declaration is based on all information of which I have any knowledge.

Check ☐ if also paid preparer. Check ☐ if self-employed.

ERO's  
Use Only

Firm's name (or  
yours if self-employed)  
and address

Signature

Date

I.D. Number of ERO

FEIN

ZIP code

Paid Preparer's  
Use Only

Firm's name (or  
yours if self-employed)  
and address

Preparer's Signature

Date

I.D. Number of Preparer

FEIN

ZIP code

▶ Keep this form with your tax return. Do not mail!

Attach Copy of Forms W-2, W-2G and 1099-R Here

## Instructions for Form 8879-K

### Kentucky Individual Income Tax Declaration for Electronic Filing

#### Filing Requirements

- ★ **Federal/State E-file With a Federal PIN**—For returns filed via this method, an 8879-K is not required.
- ★ **Federal/State E-file Without a Federal PIN**—For returns filed via this method, an 8879-K is required to be completed. **Do not mail this form.** Electronic return originators (EROs) must retain them for a period of three years.
- ★ **Online Filing**—For returns filed via this method, an 8879-K is required to be completed and retained for a period of three years. **Do not mail this form.**

#### Completing the Form

You must complete your Kentucky individual income tax return before you complete Form 8879-K. You must also complete this form before signing it. Taxpayers, EROs and paid preparers must not sign the form before it is completed.

#### Submission Identification Number (SID)

Enter the 20-digit Submission Identification Number (SID) assigned to the tax return, after the taxpayer completes Part II.

#### Name and Social Security Number

You must enter your name and Social Security number on Form 8879-K.

#### Taxpayer Responsibilities

Taxpayer(s) that use an ERO must:

- ★ Verify all information on the Form 8879-K, including Social Security number.
- ★ Inspect the paper copy of the return and ensure the information is correct.
- ★ Sign Form 8879-K after the return has been prepared but before it is transmitted.

Taxpayer(s) that file from home must:

- ★ Complete Form 8879-K.
- ★ **Attach** the Kentucky copy of Forms W-2, W-2G and 1099-R; any documents verifying credit amounts; any schedules explaining "Other"

adjustments to income; and any documents with required signatures.

- ★ Keep Form 8879-K with your tax return. Do not mail.

#### ERO Responsibilities

The ERO must:

- ★ Complete Form 8879-K and retain for three years.
- ★ Obtain signature of taxpayer(s)
- ★ **Attach** the Kentucky copy of Forms W-2, W-2G and 1099-R; any documents verifying credit amounts; any schedules explaining "Other" adjustments to income; and any documents with required signatures.
- ★ Provide the taxpayer with copies of the completed 8879-K and all other information.

#### Part I—Tax Return Information

Enter the required data from the Kentucky tax return. Lines 1 through 3 and either Line 4 or 5 must be completed.

#### Part II—Direct Deposit of Refund, Direct Debit of Tax Amount Due and Direct Debit of Estimate Tax

**Direct Deposit of Refund**—If there is an amount on **Line 4** (Refunded to you), the taxpayer can choose to have their refund directly deposited by completing Part II, and checking the box on Part III, Line 11. Taxpayers can choose direct deposit for the Kentucky income tax refund regardless of the choice for federal purposes.

**Payment of Balance Due**—Penalty and interest will begin to accrue on any tax due that has not been paid by April 15, 2014.

If there is an amount on **Line 5** (Amount you owe), the taxpayer can choose from the following methods of payment:

- (1) **Pay by Direct Debit**—The taxpayer can choose to pay the amount due by completing Part II, Lines 6 through 10, and checking the box on Line 13. Taxpayers can choose direct debit for Kentucky regardless of the choice for federal purposes. The taxpayer must ensure that the following information relating to the financial institution account is provided in the

tax preparation software: Routing Number, Account Number, Type of Account (Checking or Savings), Debit Amount, Debit Date (through April 15, 2014).

**Note:** Select any date until April 15 to have the payment withdrawn from your account. Actual withdrawal of funds may be later, but will be considered timely. Please allow up to two weeks for processing.

- (2) **Pay by Credit Card or ACH Debit**—Pay your 2013 Kentucky individual income tax by Mastercard, VISA or Discover credit cards or by ACH Debit through April 15, 2014. Access the Department of Revenue's secure Web site ([www.revenue.ky.gov](http://www.revenue.ky.gov)) to make electronic payments over the Internet. Click on the **KY E-Tax** logo and select E-Payments-Credit Cards and ACH Debits link. If you do not have access to the Internet, you may call the Department of Revenue at (502) 564-4581.

To make a credit card payment, the following information is needed: credit card type, credit card number, expiration date, and the cardholder's address as it appears on the credit card billing statement. To make an ACH Debit payment, the following information is needed: bank name, bank account number and bank routing number.

- (3) **Pay by check or money order**—Taxpayers should submit their payment using Form 740-V, Kentucky Electronic Payment Voucher.

**Payment of Estimate Tax**—The taxpayer may choose to pay estimate tax by completing Part II, Lines 6 through 10 and checking the boxes for Direct Debit of Estimate Tax box in Part II and line 13 in Part III. Taxpayers may select to direct debit estimate tax regardless of their choice of direct deposit or direct debit of tax amount due. The taxpayer must ensure that the following information related to the financial institution account is provided in the tax preparation software: Routing Number, Account Number, Type of Account (Checking or Savings), Debit Amount, Debit Date. The taxpayer may schedule up to 4 debit dates with the electronic filing of their 2013 tax return: April 15, 2014, June 16, 2014, September 15, 2014 and January 15, 2015. The financial institution routing number, account number and type of



## Instructions for Form 8879-K, *continued*

account cannot be different from that of the direct deposit or direct debit of tax amount due transaction. Actual withdrawal of the funds may be later than the scheduled date, but will be considered timely.

**Line 6**—The routing transit number must be nine digits and begin with 01 through 12 or 21 through 32.

**Line 7**—The depositor account number can be up to 17 characters (both numbers and letters). Include hyphens but omit spaces and special characters. If fewer than 17 characters, enter the numbers from left to right and leave the unused boxes blank.

**Note:** Taxpayers should use a check, form, report or other statement generated by their financial institution to verify the routing transit number and depositor account number. Do not use a deposit slip as it may contain internal routing numbers. If there is any doubt about the correct routing transit number, the taxpayer should ask the financial institution for the routing transit number to use for direct deposit (Electronic Funds Transfer).

**Line 8**—Select the appropriate box to indicate the type of account for Direct Deposit or Direct Debit.

**Line 9**—

- Tax due debit amount: enter the amount you owe from 8879-K, Part 1, line 5.
- Debit date: enter the date to have payment debited from your account.

- Estimate tax debit amount: enter the amount of each payment that will be debited from your account. You can choose one to four equal payments depending upon the debit dates selected.

- Debit date: select each date on which you want the estimate tax payment amount debited from your account. Up to four equal payments may be selected by choosing the appropriate boxes.

**Line 10**—Due to federal electronic banking regulations, you must answer the following questions if you are requesting a direct deposit of your refund or are paying the amount you owe via direct debit. If you are requesting a direct deposit of your refund, answer question 10a. If you are paying the amount you owe on your return via direct debit, answer questions 10b.

### Part III—Declaration of Taxpayer

An electronically transmitted return will not be considered true, accurate and complete unless Form 8879-K is signed by the taxpayer(s) prior to transmitting the electronic return.

The taxpayer must sign and date Form 8879-K after it has been completed to verify that the information is correct and that the taxpayer agrees with the information on the completed tax return.

EROs and tax preparers are prohibited from obtaining taxpayer signatures on blank or incomplete forms.

When an error is corrected after the taxpayer has signed Form 8879-K, and the corrected Kentucky taxable income varies more than \$50, or the corrected refund or balance due varies more than \$14, a new Form 8879-K must be completed for taxpayer signature.

### PART IV—Declaration and Signature of ERO and Paid Preparer

This section must be completed and signed by the ERO.

If the ERO is also the paid preparer, the ERO must check the paid preparer box, but is not required to complete or sign the Paid Preparer Section.

A paid preparer who is not the ERO must complete, sign and date the Paid Preparer Declaration.

If the ERO cannot obtain the paid preparer's signature on Form 8879-K, a copy of the tax return with the paid preparer's signature should be attached to the 8879-K.

**Refund Information**—You may check the status of your refund online at [www.revenue.ky.gov](http://www.revenue.ky.gov) or by calling our automated line at (502) 564-1600. These systems are available 24 hours, 7 days a week.

## Need to Know Time Frames

- Paper filed returns: 8-12 weeks for processing
- E-filed return 7-10 business days for processing
- Amended/prior year returns take 5-6 months for processing.

**Direct deposits:** 5-7 business days for funds to be showing in bank (it will be deposited into the account the tp "AUTHORIZES")

**Refund offsets:** take 10-12 weeks to be processed-for the money to be applied to the bill and remaining portion mailed or if bill is paid in full for entire amount to be released. \*\*Update to come\*\*

**Payments:** can take 4-6 weeks for payments to be processed. TP will receive credit as of date payment was mailed.

**Direct debits/E-payments:** can take up to 2 weeks to be debited from bank account. Again, credit will be given as of date payment made or authorized for debit. \*\*Subject to change when EEPS goes live\*\*

**Rejected direct deposits:** can take 6-8 weeks for return of funds and paper check to be issued.

**Returned check:** After a check is returned and after address is updated on PF19-it will be remailed in 2-3 business days. (an additional page attached showing how to do this)

If a "C" is beside an entry on PF3; this means there has been an update/change made. Which could include: refund offset released, updated address, or check has been returned. If "C" is showing of PF3 go to PF19 and enter 2: to inquire. If a "C" is on PF3 and you want to make further changes use option 4. If no "C" is showing will need to enter a 1 to update transaction: ex: if tp calls into update their address.

**If a refund is offset** it will be mailed even if it was set up for direct deposit on the return. Mail date of a refund offset: go by refund report to find exact date it was mailed. Refund offset release date doesn't mean it was mailed that date.

**Paper check issued instead of requested direct deposit:** If an error code is entered on pf16 the refund will no longer be direct deposited. It will change to a paper check.

Stop pays: Stop pay can only be done 8 weeks after check is mailed. If check is returned-it is 8 weeks from date check was remailed.

Stale dated memo can be done if tp returns refund check and it is older than a year. All others will have to do a stop pay. If tp is on the phone inquiring about stale dated check-can transfer those to treasury.

## **Refund Check & Other Issues**

### **Refund Inquiries**

**Refund inquiries-** To check to see if a check is cashed, call Treasury 4-4722, ask for check files, you will need the check# shown on pf3. They will tell you if it is cashed & when or if it is still outstanding.

**Stop Pays:** Stop pay memos can only be issued 8 weeks after the check is mailed. If the check is returned then it is 8 weeks from the re-mailed date.

**Check cashed by someone other than tp-** If you have checked the status on a check and have determined with Treasury that it has been cashed and the tp insist they did not cash it then we can send them a request to get a copy of their cashed check for a price of \$2. The form is attached. On the form you will need to write the Check # and the amount and send to the tp. Once they receive a copy of the cashed check and they find it was fraudulently cashed then they need to file a police report, it is out of our hands.

**Incorrect Name on Check:** If you receive a call that the wrong name is on the check you may instruct them to return the check so that a new check may be issued. Once you receive the check back you need to forward the check to accounts with a note/correspondence explaining what happened. Shirley Moore currently forwards these for us.

**Stale dated Check:** This memo can be issued if the taxpayer returns the refund check and it is older than one year. If a taxpayer calls inquiring about a stale dated check we need to transfer those to Treasury. (Copy of memo attached)

**Torn checks:** If a torn check is sent in we will need to forward it; along with the correspondence to Angela Wyatt @ Sta. 21B. They will handle getting the check re-issued. Make sure to notate in Mail log that "check was torn, sent to Angela."

**Pick up checks at DOR-** If a taxpayer request to pick up their check you will need to forward that call to your supervisor. Those arrangements can only be made through a supervisor.

## Other issues

**Outstanding bills-** Normally we would always encourage a taxpayer to pay their bill; however, during tax time if they call and want to pay so that their refund doesn't offset to the notice. We would need to explain that payments take 4-6 weeks to process so if they file now their refund will still offset if the notice is in collection control.

**Pay with cash-** If we have a taxpayer wanting to make a cash payment you need to take someone with you and contact Mary Hockensmith.

**Injured Spouse memos-** "Child support memo" We will only do an injured spouse memo if it is for a child support claim. We do not recognize those forms up front. If they call have them send in the Federal Form 8379.

**Copies of tax returns-** Tp may request a copy of their tax returns that have been filed. Attached you will find everything that they must send. Shirley Moore in taxpayer assistance handles these requests.

**FORM 1099G** -If you received a Kentucky income tax refund last year, we're required by federal law to send Form 1099G to you to remind you that the state refund must be reported as income on your federal tax return if you itemize deductions.

When you itemize deductions on your federal return, you are allowed to deduct state income taxes that you paid during the year. This deduction reduces your federal taxable income. If any part of the state income taxes you deducted on your federal return is later refunded to you, that amount must be reported as taxable income for the year in which the refund is issued.

Form 1099G reflects all Kentucky refunds that were credited to you for last year, including refunds from amended returns and prior year returns. The form will include any or all of your refund was that was applied to:

- estimated tax account
- use tax
- child support debt
- delinquent tax liability or another bill

Even if your refund was applied to offset a bill or make a donation, federal law maintains that you received the benefit of the refund and you must report it as income.

You don't need to attach the 1099G form to your federal or state income tax returns. Just keep it for your records. If you use a professional tax preparer, please give the form to your preparer, along with your W-2s and other tax information. If your address on the form is incorrect or you have other questions please contact the Kentucky Department of Revenue at (502) 564-4581.

## DIRECT DEPOSITS

A direct deposit should post to the taxpayers account within 5 to 7 days from the process date. As shown on PF-3.

If the taxpayer says they did not get the deposit. Have the taxpayer verify the routing number and account number. Go ahead and look up the date of deposit from the refund report. **WE NEVER GIVE THE ACCOUNT INFORMATION OUT.**

*If the numbers are correct* give them the date of deposit and let them know they will need to review their bank statement. They should be advised to look from the refund report date and up to 3 to 5 days following that date.

*If the numbers are incorrect,* advise the taxpayer to review the form 8879-K attached to the copy of their return if they are not familiar with the account listed they will need to speak with their preparer. If they find they made a mistake on the banking information submitted, the refund **should** be rejected and sent back to DOR for a paper check to be issued. This process can take 6-8 weeks.

## **STOP PAYMENT PROCEDURES**

### **Updated 3-17-2010**

A stop payment is the cancellation of an original refund check submitted to a taxpayer.

When a time length of **8 weeks** from the date mailed(not the process date) has occurred & the taxpayer has not received her/his refund check or the check has not been returned to Revenue accounts (per PF19), a stop payment may be done. Keep in mind that if a check has been returned to us and then remailed you must wait 8 weeks from the remail date before doing a stop payment. This memo will be sent to Treasury via processing, via e-mail. Treasury will send the taxpayer bond forms which must be signed and returned to Treasury before a new refund check will be issued. A stop payment cannot be done prior to the 8 weeks unless there is certainty the check has been destroyed (i.e. check washed in the laundry), certainty the check has been thrown in the trash, or definite certainty the check cannot be located. The reason for the early stop payment must typed on the stop payment memo or it will be held for 8 weeks by processing before being sent to Treasury. **Another occurrence when a stop payment is done is when a taxpayer never received her/his refund check and a time period of a year has elapsed.** The stop payment will state when the check was written off instead of when the check was mailed. There is a **\$25** subtraction fee from Treasury to reissue a check which has been written off. If the taxpayer has the refund check you may transfer them to Jason Feddersen in Treasury.

If a stop payment has been placed on the check and a taxpayer calls to state he/she has received the original check, a call may be placed to Treasury to have the original check reinstated for cashing in 3 days. If a stop payment was done and taxpayer calls to state he/she never received the bond forms from Treasury, another call to Treasury can determine whether they received the stop payment form from a Revenue employee.

#### **Steps to do Stop Payment:**

1. Contact Treasury (4-4722), ask for Check Files to see if the refund check has been cashed.
2. If the 8 weeks has passed & the check has not been returned per PF19 or if returned and it has been more than 8 weeks since remailed date, complete a stop payment memo.
3. E-mail stop payment memo to Faye Goodlett.

**(Use the same steps for checks that have been written off except state that check was written off on DD/MM/YY.)**

If the taxpayer wants to know if a refund check will be forwarded the answer is no. The postal service will not forward refund checks.

If your name is not officially on an address with the post office they will not deliver a refund check. Example, you are living with your aunt, brother or boy friend/girlfriend and your name is not officially on their address the postal service will not deliver the refund check.

COMMONWEALTH OF KENTUCKY  
DEPARTMENT OF REVENUE  
FRANKFORT  
40620  
revenue.ky.gov

MEMORANDUM

TO: Todd Hollenbach  
Kentucky State Treasurer

VIA: Faye Goodlett  
Revenue Unit Manager  
Revenue Accounts Section

FROM: Rebecca Rodgers Johnson  
Supervisor, Compliance  
Individual Income Tax

DATE: 1/14/2014

SUBJECT: Kentucky Tax Refund

Address: Billy Bass  
123 N Main St  
Louisville KY 40207

Social Security: 123-45-6789

Refund check number 11640787 for \$316.00 was issued.

Please stop payment on this check and issue bond forms.



**REQUEST FOR COPY  
OF TAX REFUND CHECK**

**NOTE:** The Kentucky State Treasurer charges a fee of \$2 for providing a copy of a cashed refund check. If a copy is needed, please complete this form and submit it with a payment of \$2 to:

Kentucky Department of Revenue  
Revenue Accounts Section  
Station 23  
Frankfort, Kentucky 40620

**INSTRUCTIONS:** Enter the name, address and Social Security or Business ID number as they appear on the tax return. If the address has changed since the return was filed, enter the new address **below**. If the refund check number is not known, leave blank.

\_\_\_\_\_  
Social Security Number      or      Business ID Number

\_\_\_\_\_  
Name of Taxpayer as Shown on Tax Return

\_\_\_\_\_  
Street Address as Shown on Tax Return

\_\_\_\_\_  
City, State, ZIP Code as Shown on Tax Return

\_\_\_\_\_  
Mailing Address (if different)

\_\_\_\_\_  
City, State, ZIP Code (if different)

\_\_\_\_\_  
Signature of Taxpayer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Type Tax

\_\_\_\_\_  
Tax Year

\$ \_\_\_\_\_  
Amount of Refund

\_\_\_\_\_  
Refund Check Number (if available)

**FOR OFFICE USE ONLY**

Copy Provided \_\_\_\_\_ Date \_\_\_\_\_

Approved \_\_\_\_\_ Fee Collected \$ \_\_\_\_\_

Comments \_\_\_\_\_

COMMONWEALTH OF KENTUCKY  
**DEPARTMENT OF REVENUE**  
FRANKFORT  
40620  
revenue.ky.gov

MEMORANDUM

TO: Todd Hollenbach  
Kentucky State Treasurer

VIA: Faye Goodlett, Supervisor  
Revenue Accounts Section

FROM: Carrol Rouch  
Revenue Accounts Section

DATE: January 14, 2014

SUBJECT: State Dated - Income Tax Refund Check

Please reissue state dated refund check.

YEAR:

2011

NAME:

STILLBASS  
123 N. MAIN ST  
FRANKFORT, KY 40601

IDENTIFICATION: 123-45-6789

CHECK NUMBER: 12891882

AMOUNT: \$ 99.00

MAILED: 02/19/2012

## REQUESTING COPIES OF RETURNS

Requests for copies of returns must be in writing. Please mail or fax the request to:

Taxpayer Assistance  
P. O. Box 181, Station #56  
Frankfort, KY 40602  
(502)564-4581  
Fax: (502)564-3392

Please also ensure the following are included with the request:

- ✓ ☐ Tax year(s) requested (Please note that returns are generally kept on file for five years. Older returns may be available in summary format.),
- ✓ ☐ Name and Social Security number,
- ✓ ☐ Current mailing address,
- ✓ ☐ Copy of photo ID (if return was electronically filed),
- ✓ ☐ Signature (if return was filed on paper), and
- ✓ ☐ Daytime phone Number.

Copies may be faxed to you; however, please note on the request to have the copies faxed and that the DOR has your permission to fax those copies.

Copies may be faxed to others at the taxpayers request (i.e., CPA, attorney), just include the Power of Attorney form or the attorney's or CPA company letterhead and ensure the request is signed by the taxpayer and the approved representative.

Processing Time for Requests:

Paper returns: 7 – 10 business days  
Electronic filed returns: 2 – 5 business days

## Enterprise Collections

DOR is collecting for several outside agencies. Listed below are the agencies we are currently collecting for. DOR is working with several other agencies to begin collections with in the near future. We have reserved type tax 500 through 599 for these agencies. All of the cases will have invalid case #'s. The Division of Collections is handling all of these cases... if you receive a call it can be transferred to 564-4921 ext. 5368 or anyone at this extension can answer questions on the cases.

- 500 KCTCS
- 501 UK Medical
- 502 Board of Nursing
- 503 KHEAA
- 504 Department of Parks
- 505 KY Motor Vehicle Comm
- 506 Morehead University
- 507 Department of Financial Institutions
- 508 Department of Medicaid Services
- 509 Northern KY University
- 510 Crime Victims Compensation Board
- 511 Department of Insurance
- 513 Western University
- 514 KY Department of Labor

## “Zeroing out a Return”

Steps for clearing out a return to ensure that processing does not duplicate the refund.

You will need to make line 30(a)-30(d) equal to line 29 and then this amount should also carry to line 31. Lines 29 and 31 should be equal, that way when you subtract them you get 0. 0 will then go on line 32 and 33. See the example below:

REFUND/TAX PAYMENT SUMMARY					
29 Enter amount from page 1, line 28. This is your <b>Total Tax Liability</b> .....	• 29	1,005	00		
30 (a) Enter <b>Kentucky income tax withheld</b> as shown on attached 2013 Form W-2(s) and other supporting statements .....	• 30(a)	1,005	1,324	00	
(b) Enter 2013 Kentucky estimated tax payments.....	• 30(b)		00		
(c) Enter 2013 refundable certified rehabilitation credit (KRS 141.382(1)(b)) .....	• 30(c)		00		
(d) Enter 2013 film industry tax credit (KRS 141.383) .....	• 30(d)		00		
31 Add lines 30(a) through 30(d) .....	• 31	0	1,324	00	
32 If line 31 is larger than line 29, enter <b>AMOUNT OVERPAID</b> (see instructions) .....	32	0	319	00	
<i>Fund Contributions; See instructions.</i> <span style="float: right;">➤ (Enter amount(s) checked)</span>					
33 <b>Nature and Wildlife Fund</b> .....	• 33			00	
34 <b>Child Victims' Trust Fund</b> .....	• 34			00	
35 <b>Veterans' Program Trust Fund</b> .....	• 35			00	
36 <b>Breast Cancer Research/Education Trust Fund</b> .....	• 36			00	
37 <b>Farms to Food Banks Trust Fund</b> .....	• 37			00	
38 Add lines 33 through 37 .....	38			00	
39 Amount of line 32 to be <b>CREDITED TO YOUR 2014 ESTIMATED TAX</b> .....	• 39			00	
40 Subtract lines 38 and 39 from line 32. Amount to be <b>REFUNDED TO YOU</b> .....	• 40	0	319	00	
41 If line 29 is larger than line 31, enter <b>ADDITIONAL TAX DUE</b> .....	• 41			00	
42 (a) Estimated tax penalty and/or interest. <input type="checkbox"/> Check if Form 2210-K attached...	42(a)			00	
(b) Interest .....	42(b)			00	
(c) Late payment penalty .....	42(c)			00	
(d) Late filing penalty .....	42(d)			00	
43 Add lines 42(a) through 42(d). Enter here.....	• 43			00	
44 Add lines 41 and 43 and enter here. This is the <b>AMOUNT YOU OWE</b> .....	• 44			00	
<div style="display: flex; justify-content: space-between;"> <div> <ul style="list-style-type: none"> <li>Visit <a href="http://www.revenue.ky.gov">www.revenue.ky.gov</a> for electronic payment options; or</li> <li>Make check payable to <b>Kentucky State Treasurer</b>, include your Social Security number and "KY Income Tax—2013."</li> </ul> </div> <div style="border: 1px solid black; padding: 5px; text-align: center;"> <small>OFFICIAL USE ONLY</small>  <div style="display: flex; justify-content: space-between; border-top: 1px solid black;"> <div style="width: 80%;"></div> <div style="width: 15%;"><b>PWR</b></div> </div> </div> </div>					

Once the return is completed you will need to note on the first page that the refund has been issued. This is usually noted on the top left hand side of the return or in the empty space next to the address. You should write the following information:

**Refund Amount**

**Initial, Date**

**Control Number (this comes off PF17)**

If there was an adjustment made on the return you would also note your error code with the above information.

**\*Note: do not write any info on the top right hand side of the return. This is where the validating number goes.**

### **Drops worked by Compliance**

- CA Refundable certified rehabilitation credit>0
- CB Film industry credit>0
- CC Railroad maintenance & improvement credit>0
- CD ENDOW KY tax credit>0
- CE KY small business investment tax credit>0
- CG New markets development program tax credit>0
- C1 All 740 NP with credit for tax paid to another state
- C2 Skills training Investment credit>0
- C7 Unemployment tax credit>than 0
- C8 Energy Efficiency credit for 740> \$500
- C9 Energy Efficiency credit for 740 NP> 0
- E2 Refund exceeds \$4,999.99
- E3 Education Credit over \$500

\*If you receive a call on one of these drops and it is not a drop that you work then you should not work it. If the drop has been out there for an unreasonable amount of time then please send your supervisor an email and they will refer it on.\*

**2005 TAX COMPUTATION**

\$0 - \$3,000.....	2%
\$3,001 - \$4,000.....	3% LESS \$30
\$4,001 - \$5,000.....	4% LESS \$70
\$5,001 - \$8,000.....	5% LESS \$120
\$8,001 - \$75,000.....	5.8% LESS \$184
\$75,001 & UP.....	6% LESS \$334

**2004 AND PRIOR TAX COMPUTATION**

\$0 - \$2,999.....	2%
\$3,000 - \$3,999.....	3% LESS \$30
\$4,000 - \$4,999.....	4% LESS \$70
\$5,000 - \$7,999.....	5% LESS \$120
\$8,000 & UP.....	6% LESS \$200

**LOW INCOME CREDIT**

\$0 - \$5,000.....	100%
\$5,000 - \$10,000.....	50%
\$10,000 - \$15,000.....	25%
\$15,000 - \$20,000.....	15%
\$20,000 - \$25,000.....	5%

Family Size	One		Two		Three		Four or More		Credit Percentage is
If MGI ...	is over	is not over	is over	is not over	is over	is not over	is over	is not over	
<b>2013</b>	\$ —	\$ 11,490	\$ —	\$15,510	\$ —	\$19,530	\$ —	\$23,550	100
	11,490	11,950	15,510	16,130	19,530	20,311	23,550	24,492	90
	11,950	12,409	16,130	16,751	20,311	21,092	24,492	25,434	80
	12,409	12,869	16,751	17,371	21,092	21,874	25,434	26,376	70
	12,869	13,328	17,371	17,992	21,874	22,655	26,376	27,318	60
	13,328	13,788	17,992	18,612	22,655	23,436	27,318	28,260	50
	13,788	14,248	18,612	19,232	23,436	24,217	28,260	29,202	40
	14,248	14,592	19,232	19,698	24,217	24,803	29,202	29,909	30
	14,592	14,937	19,698	20,163	24,803	25,389	29,909	30,615	20
	14,937	15,282	20,163	20,628	25,389	25,975	30,615	31,322	10
	15,282	—	20,628	—	25,975	—	31,322	—	0

Family Size	One		Two		Three		Four or More		Credit Percentage is
If MGI ...	is over	is not over	is over	is not over	is over	is not over	is over	is not over	
<b>2012</b>	\$ —	\$ 11,170	\$ —	\$15,130	\$ —	\$19,090	\$ —	\$23,050	100
	11,170	11,617	15,130	15,735	19,090	19,854	23,050	23,972	90
	11,617	12,064	15,735	16,340	19,854	20,617	23,972	24,894	80
	12,064	12,510	16,340	16,946	20,617	21,381	24,894	25,816	70
	12,510	12,957	16,946	17,551	21,381	22,144	25,816	26,738	60
	12,957	13,404	17,551	18,156	22,144	22,908	26,738	27,660	50
	13,404	13,851	18,156	18,761	22,908	23,672	27,660	28,582	40
	13,851	14,186	18,761	19,215	23,672	24,244	28,582	29,274	30
	14,186	14,521	19,215	19,669	24,244	24,817	29,274	29,965	20
	14,521	14,856	19,669	20,123	24,817	25,390	29,965	30,657	10
	14,856	—	20,123	—	25,390	—	30,657	—	0

Family Size	One		Two		Three		Four or More		Credit Percentage is
If MGI ...	is over	is not over	is over	is not over	is over	is not over	is over	is not over	
<b>2011</b>	\$ —	\$ 10,890	\$ —	\$14,710	\$ —	\$18,530	\$ —	\$22,350	100
	10,890	11,326	14,710	15,298	18,530	19,271	22,350	23,244	90
	11,326	11,761	15,298	15,887	19,271	20,012	23,244	24,138	80
	11,761	12,197	15,887	16,475	20,012	20,754	24,138	25,032	70
	12,197	12,632	16,475	17,064	20,754	21,495	25,032	25,926	60
	12,632	13,068	17,064	17,652	21,495	22,236	25,926	26,820	50
	13,068	13,504	17,652	18,240	22,236	22,977	26,820	27,714	40
	13,504	13,830	18,240	18,682	22,977	23,533	27,714	28,385	30
	13,830	14,157	18,682	19,123	23,533	24,089	28,385	29,055	20
	14,157	14,484	19,123	19,564	24,089	24,645	29,055	29,726	10
	14,484	—	19,564	—	24,645	—	29,726	—	0



Family Size	One		Two		Three		Four or More		Credit Percentage is
If MGI...	is over	is not over	is over	is not over	is over	is not over	is over	is not over	
<b>2010</b>	\$ —	\$ 10,830	\$ —	\$14,570	\$ —	\$18,310	\$ —	\$22,050	100
	10,830	11,263	14,570	15,153	18,310	19,042	22,050	22,932	90
	11,263	11,696	15,153	15,736	19,042	19,775	22,932	23,814	80
	11,696	12,130	15,736	16,318	19,775	20,507	23,814	24,696	70
	12,130	12,563	16,318	16,901	20,507	21,240	24,696	25,578	60
	12,563	12,996	16,901	17,484	21,240	21,972	25,578	26,460	50
	12,996	13,429	17,484	18,067	21,972	22,704	26,460	27,342	40
	13,429	13,754	18,067	18,504	22,704	23,254	27,342	28,004	30
	13,754	14,079	18,504	18,941	23,254	23,803	28,004	28,665	20
	14,079	14,404	18,941	19,378	23,803	24,352	28,665	29,327	10
	14,404	—	19,378	—	24,352	—	29,327	—	0

Family Size	One		Two		Three		Four or More		Credit Percentage is
If MGI...	is over	is not over	is over	is not over	is over	is not over	is over	is not over	
<b>2009</b>	\$ —	\$ 10,830	\$ —	\$14,570	\$ —	\$18,310	\$ —	\$22,050	100
	10,830	11,263	14,570	15,153	18,310	19,042	22,050	22,932	90
	11,263	11,696	15,153	15,736	19,042	19,775	22,932	23,814	80
	11,696	12,130	15,736	16,318	19,775	20,507	23,814	24,696	70
	12,130	12,563	16,318	16,901	20,507	21,240	24,696	25,578	60
	12,563	12,996	16,901	17,484	21,240	21,972	25,578	26,460	50
	12,996	13,429	17,484	18,067	21,972	22,704	26,460	27,342	40
	13,429	13,754	18,067	18,504	22,704	23,254	27,342	28,004	30
	13,754	14,079	18,504	18,941	23,254	23,803	28,004	28,665	20
	14,079	14,404	18,941	19,378	23,803	24,352	28,665	29,327	10
	14,404	—	19,378	—	24,352	—	29,327	—	0

**ERROR CODES  
TY2013**

<b>CODE</b>	<b>DESCRIPTION ON MAINFRAME</b>
<b>A</b>	Error in determining the correct number of allowable tax credits and/or each taxpayer must claim all his or her own credits including the credits for age and blindness. Spouses may divide the tax credits for dependents.
<b>AA</b>	Personal tax credits were not entered in section B of your return. Credit has been allowed based on filing status.
<b>AB</b>	Personal tax credits were entered in section B of your return but were not deducted from your tax. Your tax return has been adjusted.
<b>AM</b>	Explanation of changes on Form 740-X was not submitted. Refund denied.
<b>B</b>	Amount entered on Form 740 as federal adjusted gross income does not agree with adjusted gross income shown on the federal return.
<b>BA</b>	Amount entered on Form 740 or 740-EZ as wages does not match those shown on the wage and tax statements(s).
<b>C</b>	The amount of estimated tax and/or credit from previous year claimed on your return does not agree with our records.
<b>CF</b>	NO MESSAGE GENERATED: GENERATES the credit forward adjustment letter. Use for Trans Codes "S" or "4".
<b>C1</b>	A review of the Kentucky Department of Revenue records indicates that Form 740 or Form 740-NP for tax year 2012 is not on file. Please submit this form if you meet the filing requirements.
<b>D</b>	Subtractions from income on Schedule M are limited to the amounts included as taxable income on the federal return.
<b>DA</b>	Amounts carried to page 1, Form 740, are not consistent with those computed on Schedule M.
<b>DB</b>	Retirement or pension income exclusion was not claimed or was calculated incorrectly. Your tax return has been adjusted.
<b>DD</b>	Direct deposit changed to a paper check per taxpayer's request.
<b>DE</b>	Direct deposit is not valid for Form 740-NP Kentucky Individual Income Tax Return – Nonresident or Part-Year Resident.
<b>DF</b>	Direct debit of tax due rejected. You will be allowed 10 days from the date of this notice to make a payment without additional penalty/interest.
<b>DG</b>	Direct debit of estimate tax rejected.
<b>D2</b>	NO MESSAGE GENERATED: display error code on PF3 for information purposes only (program like error code "SI") Duplicate Return
<b>E</b>	Mathematical error in computing taxable income.
<b>E1</b>	Error in computing taxable income. Active duty military pay is exempt from Kentucky income tax.
<b>F</b>	Medical expenses on Schedule A must be reduced by 7.5 percent of Kentucky adjusted gross income as shown on Form 740.
<b>FA</b>	Error in calculating total contributions on Kentucky Schedule A.

**ERROR CODES  
TY2013**

<b>CODE</b>	<b>DESCRIPTION ON MAINFRAME</b>
<b>FB</b>	Error in calculating total casualty and theft loss(es) on Kentucky Schedule A.
<b>FC</b>	Error in calculating job expenses and other miscellaneous deductions on Kentucky Schedule A.
<b>FD</b>	The amount shown on your return as itemized deductions does not match the total shown on Schedule A.
<b>FE</b>	Amount of taxes claimed as itemized deductions has been adjusted.
<b>FF</b>	Changes have been made to the Kentucky Schedule A, Itemized Deductions Limitation Schedule, after Kentucky forms were finalized. Due to these changes, the limitation amount on your Schedule A has been adjusted.
<b>G</b>	Your return was received incomplete. Tax was computed from information on the return.
<b>GF</b>	We were unable to verify the federal adjusted gross income reported on your Kentucky return because a federal return was not submitted.
<b>H</b>	Error in computing low income credit or failure to claim low income credit.
<b>HB</b>	Based on family size 1, the amount of the family size tax credit claimed on your return has been adjusted.
<b>HC</b>	Based on family size 2, the amount of the family size tax credit claimed on your return has been adjusted.
<b>HD</b>	Based on family size 3, the amount of the family size tax credit claimed on your return has been adjusted.
<b>HE</b>	Based on family size 4, the amount of the family size tax credit claimed on your return has been adjusted.
<b>HF</b>	Total family size on your return has been adjusted. Information needed to verify total family size on Form 740 or Form 740-NP, Sections B and C, was missing or incomplete.
<b>HG</b>	Family size tax credit has been adjusted or disallowed. Lump sum distributions must be included when determining modified gross income.
<b>HH</b>	The family size tax credit is computed by the greater amount of federal modified adjusted gross income or the Kentucky adjusted gross income.
<b>HI</b>	The amount of the family size tax credit claimed on your return has been adjusted as a result of dependent(s) not qualifying for the credit. Proof that dependent resides within your household and that one-half of the support was provided by you is required.
<b>I</b>	The previous year's overpayment that was credited to estimated tax and/or all payments credited to your estimated tax account were not claimed. Your return was adjusted accordingly.
<b>J</b>	Your individual income tax installment payment request has been received. Please contact the Division of Collections within 30 days of the date of this notice to formalize the payment agreement. The Division may be reached by telephone at (502) 564-4921. Extension 5354
<b>K</b>	State income tax, federal income tax, utility tax or sales and use taxes are not allowed as a Kentucky itemized deduction.
<b>KE</b>	Keying Error - NO MESSAGE GENERATED: display error code on PF3 for information purposes only (program like error code "SI")

**ERROR CODES  
TY2013**

CODE	DESCRIPTION ON MAINFRAME
L	A portion of your overpayment was retained to satisfy an outstanding state or federal tax liability or a claim made by a state agency.
M	The amount shown as federal child and dependent care credit does not match the amount shown on the federal return.
MA	Error in computing child and dependent care credit. Federal Form 2441-Child and Dependent Care Expense was not submitted.
MB	Error in computing the amount claimed for education tuition tax credit. Your return has been adjusted.
MC	Only undergraduate studies at Kentucky institutions qualify for the education tuition tax credit. Your credit has been adjusted or disallowed.
MD	You claimed a carryforward credit for the education tuition tax credit from a previous tax year on Form 8863-K. The carryforward could not be verified.
ME	Education tuition cannot be verified. Form 8863-K was incomplete or not attached.
MF	Your adjusted gross income is over the income limit to qualify for the education tuition tax credit.
MG	You cannot claim the education tuition tax credit if you claimed the tuition and fees deduction on the federal tax return.
MH	Your education tuition tax credit carryforward from a prior year has been disallowed. The Form 8863-K was not filed with the prior year return to establish the credit.
MI	New home tax credit claimed has been adjusted or disallowed. <i>Removed from use on PF16 for Tax Year 2011 Processing. Will still be available to PF17 &amp; CARS.</i>
MJ	New home tax credit claimed has been disallowed. Department of Revenue records do not indicate that an application was submitted and approved. <i>Removed from use on PF16 for Tax Year 2011 Processing. Will still be available to PF17 &amp; CARS.</i>
N	Low income credit for part-year residents of Kentucky is based on the percentage of Kentucky income to total income. Full-year nonresidents are not entitled to this credit.
O	Due to an error on your return, your total overpayment has been adjusted. Your credit forward to next year remains the same and you will receive a refund of the difference.
P	Mathematical error in totaling itemized deductions and/or deductions must be prorated between husband and wife based upon percentage of income.
Q	Error in tax computation or in reading tax table.
R	The standard deduction is \$2,360 for single taxpayers or those taxpayers filing a joint return. The amount claimed in excess of \$2,360 has been disallowed.
R1	Your refund of \$_____ has been adjusted to \$0. <i>Note: This error code automatically generates a letter</i> Condition: Original trans code "2" changed to trans code 4
R2	Your return was adjusted and the amount due is zero.

**ERROR CODES  
TY2013**

CODE	DESCRIPTION ON MAINFRAME
	<p><i>Note: This error code automatically generates a letter</i></p> <p>Condition: Original trans code of 3 or C to trans code of 4</p>
R3	<p>Your refund was denied because the other states return was not attached.</p> <p><i>Note: This error code automatically generates a letter</i></p> <p>Condition: Return code = NP &amp; NPR; Original trans code "2" changed to trans code 4</p>
R4	<p>Your refund has been denied and your credit forward is reduced to \$_____.</p> <p><i>Note: This error code automatically generates a letter</i></p> <p>Condition: Original trans code "2" plus trans amt &gt;0 in both refund &amp; crd fwd fields changed to trans code S plus trans amt is zero or blank PLUS amt is &gt;0 in crd fwd field</p>
S	Your return has been adjusted to allow the \$2,360 standard deduction.
SA	Itemized deductions were disallowed because Schedule A, Itemized Deductions Schedule, was not submitted. Standard deduction has been allowed.
SI	NO MESSAGE GENERATED: Special Investigations
T	Your return has been adjusted because requested information was not submitted.
T1	Your return has been adjusted because submitted documentation was insufficient.
T2	The \$175 minimum corporate tax paid is not an allowable credit against individual income tax.
T3	Refundable/nonrefundable Corporate Tax Credit was not substantiated by a copy of Schedule(s) K-1 or Form(s) 725.
T4	A separate Kentucky Corporate Tax Credit Worksheet must be completed for each entity. Return adjusted.
T5	Your return has been adjusted due to an error in completing Kentucky Corporate Tax Credit Worksheet.
T6	Nonrefundable corporation tax credit was claimed as a refundable corporation tax credit in error. Return has been adjusted.
T7	Refundable Kentucky corporation tax credit is disallowed. Income from pass through entities or from disregarded single member LLC's taxed under KRS 141.420(3)(c) must be greater than \$216,600.
T8	The \$175.00 minimum limited liability entity tax paid is not an allowable credit against individual income tax.
TA	Amount claimed as refundable Kentucky corporation tax credit (KRS 141.420(3) (c)) has been adjusted or was disallowed.
TB	Amount claimed for nonrefundable Kentucky corporation tax credit (KRS 141.420(3)) has been adjusted or was disallowed.
TC	Amount claimed for skills training investment credit has been adjusted or was disallowed because copy(ies) of certification was not received.
TD	Amount claimed for non-refundable certified rehabilitation credit has been adjusted or was disallowed because proper documentation was not received.

**ERROR CODES**  
**TY2013**

<b>CODE</b>	<b>DESCRIPTION ON MAINFRAME</b>
<b>TE</b>	Credit amount claimed for hiring qualified unemployed persons has been adjusted or was disallowed because Schedule UTC was not received.
<b>TF</b>	Credit amount claimed for recycling and/or composting equipment has been adjusted or was disallowed because Schedule RC was not received.
<b>TG</b>	Amount claimed for Kentucky Investment Fund credit has been adjusted or was disallowed because copy(ies) of certification was not received.
<b>TH</b>	Credit amount claimed for purchases of Kentucky coal used for generating electricity has been adjusted or was disallowed because copy(ies) of certification was not received.
<b>TI</b>	Amount claimed for qualified research facility credit has been adjusted or was disallowed because Schedule QR was not received.
<b>TJ</b>	Amount claimed for GED incentive credit has been adjusted or was disallowed because Form DAEL-31 was not received.
<b>TK</b>	Amount claimed for environmental remediation (Brownfield) credit has been adjusted or was disallowed because proper documentation was not received.
<b>TL</b>	Credit amount claimed for production or blending of biodiesel fuels has been adjusted or was disallowed because proper documentation was not received.
<b>TM</b>	Amount claimed for Education Tuition Tax Credit has been disallowed. Married taxpayers filing separate returns do not qualify for this credit.
<b>TN</b>	Credit amount claimed for environmental stewardship has been adjusted or was disallowed because proper documentation was not received.
<b>TO</b>	Credit amount claimed for clean coal incentive has been adjusted or was disallowed because proper documentation was not received.
<b>TP</b>	Amount claimed as Limited Liability Entity Tax Credit (141.0401(2)) has been adjusted or disallowed.
<b>TQ</b>	Amount claimed as unemployment tax credit disallowed. Unemployment income reported does not qualify for this credit.
<b>TR</b>	Hope Credit has been disallowed. The credit was claimed in two previous years.
<b>TS</b>	Amount claimed as ethanol tax credit has been adjusted or disallowed.
<b>TT</b>	Amount claimed as cellulosic ethanol tax credit has been adjusted or disallowed.
<b>TU</b>	Amount claimed as energy efficiency credits has been adjusted or disallowed.
<b>TV</b>	Amount claimed as Business Incentive Credits on form 740 or 740-NP, line 15 has been disallowed as no entry was made on Form 740 or Form 740-NP, Section A
<b>TW</b>	Disallowed carryforward of unused energy efficiency tax credits as claimed on Form 5695-K, line 66. Energy efficiency tax credits were not claimed on the previous year's tax return.
<b>TX</b>	Disallowed carryforward of unused energy efficiency tax credits as claimed on Form 5695-K, line 66. The maximum amount of energy efficiency tax credits was previously utilized.
<b>U</b>	Tax withheld from another state cannot be claimed as a credit against your Kentucky tax. File a return with the other state to claim credit for the other state's tax withheld.

**ERROR CODES  
TY2013**

CODE	DESCRIPTION ON MAINFRAME
UI	Amount of federal excludable unemployment compensation was not reported as taxable on the Kentucky return.
V	Error in amount claimed as Kentucky tax withheld.
VA	Withholding claimed could not be verified. Forms W-2, 1099, or PTE – WH or other supporting statements must be attached to verify withholding claimed.
W	Error in withholding claimed. City/local occupational tax or federal tax may not be claimed as a credit against Kentucky tax.
W1	Error in withholding claimed. City/local occupational tax or federal tax may not be claimed for a refund. <i>(User note: This is to be used for Form 740-NP-R.)</i>
X	Error in computing itemized deduction limitation.
Y	Error in computing the refund or tax due amount.
YA	Due to an error on your return, interest and/or penalty paid has been adjusted.
Z	Your return has been adjusted. An explanation will be mailed separately.
ZA	Social Security benefits are not subject to Kentucky income tax. Your return has been adjusted.
ZB	Members of the Armed Forces are required to file income tax returns with their state of legal domicile. This is usually the state of residence at the time of entering military service.
ZC	Amount of tax paid on prior year Kentucky income tax return cannot be claimed as a credit on your <b>2013</b> Kentucky income tax return.
ZD	Our records indicate that one or more refund(s) have been issued for this tax year. Your refund has been issued with consideration given for previous refunds.
ZE	Error in computing personal tax credit amount from Section B, Form 740 or Form 740-NP.
ZF	Amount of refund received on prior year Kentucky income tax return cannot be claimed as a credit on your <b>2013</b> Kentucky income tax return.
ZG	A Kentucky resident is subject to Kentucky income tax on total income received, regardless of where it is earned.
ZH	An approved extension for additional time to file was not received.
ZI	Refund issued from original return was not claimed on amended return or refund amount claimed on amended return does not match amount of issued refund.
ZJ	Amount claimed as paid on original return and/or additional payments could not be verified.
ZK	Failure to make timely estimated tax payments result in interest due.
ZL	Interest due for failure to make timely estimated tax payments was incorrectly calculated. Interest has been adjusted accordingly.
ZM	Your refund was delayed due to the taxpayer's and/or spouse's Social Security number reported incorrectly on your return. Correct your records and/or advise your tax preparer.
2	Partial payment of the additional tax due was received.

**ERROR CODES  
TY2013**

CODE	DESCRIPTION ON MAINFRAME
3	Tax credits and deductions of part-year residents must be prorated by the percentage of Kentucky income to total income.
4	Note: No longer used. Due to an error on your return, your contribution to one or more of the following funds has been eliminated: Nature and Wildlife Fund, Child Victim's Trust Fund, Veteran's Program Trust, Breast Cancer Research/Education Trust, and/or Farms to Food Banks Trust. If you wish to contribute directly to these funds, the addresses can be found in the tax return instruction book.
4A	Due to an error on your return, your contribution to one or more of the following funds has been eliminated: Nature and Wildlife Fund, Child Victim's Trust Fund, Veteran's Program Trust, Breast Cancer Research/Education Trust, and/or Farms to Food Banks Trust. If you wish to contribute directly to these funds, the addresses can be found in the tax return instruction book.
4B	Due to an error on your return, your contribution to the Child Victim's Trust Fund has been eliminated. If you wish, you may contribute directly to the Child Victim's Trust Fund, c/o Kentucky Attorney General, Capitol Building, Frankfort, Kentucky 40601.
4C	Due to an error on your return, your contribution to the Nature and Wildlife Fund has been eliminated. If you wish, you may contribute directly to the Nature and Wildlife Fund, c/o the Kentucky State Nature Preserves Commission, 801 Schenkel Lane, Frankfort, Kentucky 40601
4D	Due to an error on your return, your contribution to the Bluegrass State Games/US Olympic Committee fund has been eliminated. If you wish, you may contribute directly to the Bluegrass State Games/US Olympic Committee Fund, Office of the Governor, Capitol Building, Frankfort, Kentucky 40601.
4E	Due to an error on your return, your contribution to the Veterans' Program Trust Fund has been eliminated. If you wish, you may contribute directly to the Kentucky Department of Veterans' Affairs, 1111 B Louisville Road, Frankfort, Kentucky 40601.
4F	Due to an error on your return, your contribution to the Breast Cancer Research and Education Trust Fund has been eliminated. You may contribute directly to the Breast Cancer Research and Education Trust Fund, Department for Public Health, Division of Administration and Financial Management, 275 East Main St., HS1GWA, Frankfort, Kentucky 40621.
4G	Due to an error on your return, your contribution to the Farms to Food Banks Trust Fund has been eliminated.
5	Credit for tax paid to another state was not substantiated by a copy of the other state's return.
5A	Amount claimed for credit for tax paid to another state could not be verified. Your electronically filed return did not contain proper worksheet(s) verifying the credit claimed.
5B	Credit claimed for tax paid to another state on gambling income has been adjusted or disallowed.
5C	Credit for tax paid to another state as claimed on Form 740-NP, Section A, line 5, has been disallowed. Income earned while a resident of another state was not included in Kentucky adjusted gross income, Form 740-NP, Column A.
5D	Credit for tax paid to another state has been disallowed. Information you supplied does not substantiate the actual tax paid to another state.
5E	Refund denied. A copy of the return filed with your state of residence was not received with your Form 740-NP-R.



**ERROR CODES  
TY2013**

CODE	DESCRIPTION ON MAINFRAME
5F	Credit for tax paid to another state has been disallowed. Full-year nonresidents of Kentucky are not entitled to a credit for tax paid to other states.
5G	Credit for tax paid to another state has been adjusted. The tax credit is based on actual tax liability not tax withheld by the other state.
5H	The reciprocity agreement with Ohio shall not apply with respect to wages which an S Corporation pays to a shareholder-employee if the shareholder-employee is a "twenty (20) percent or greater" direct or indirect equity investor in the S Corporation per 103 KAR 17:140(4)(c).
5T	Credit for tax paid to a reciprocal state on wages has been disallowed. Our reciprocal agreement provides for taxpayers to be taxed by their state of residence and not the state where the income is earned. States included for reciprocity are IL, IN, MI, OH, VA, WV, WI. You must file a return with the reciprocal state to recover your withholding.
6	No payment of the additional tax due was received.
7	The withholding claimed from Form PTE – WH has been adjusted or disallowed.
7A	Amount claimed for the refundable certified rehabilitation credit has been adjusted or disallowed.
7B	Amount claimed for the film industry tax credit has been adjusted or disallowed.
7C	Amount claimed for the railroad maintenance and improvement credit has been adjusted or was disallowed because Schedule RR-1 was not received.
7D	Amount claimed for the nonrefundable Endow Kentucky tax credit has been adjusted or disallowed.
7E	Amount claimed for the nonrefundable Kentucky small business investment tax credit has been adjusted or disallowed.
7F	Amount claimed for the nonrefundable Kentucky New Markets Development Program credit has been adjusted or disallowed.
71	Withholding from Form PTE-WH disallowed. Credit for PTE withholding is allowable only for nonresident partners of general partnerships.
8	Error in computing the percentage of Kentucky adjusted gross income to federal adjusted gross income on Form 740-NP.
9	Full-year nonresidents are not entitled to the child and dependent care credit and/or part-year residents are allowed a credit only on the child and dependent care expenses paid while a resident of Kentucky.
9A	All income earned by nonresidents from Kentucky sources and from property located in Kentucky is subject to Kentucky income tax.
9B	Contributions made to an IRA by full year nonresidents and persons who moved out of Kentucky during the tax year are limited to the percentage of Kentucky earned income to federal earned income.
9C	Gambling income is not exempt from Kentucky income tax under the reciprocal agreement.
9D	Full year nonresidents or part-year residents are required to file Kentucky Form 740-NP. Your refund has been denied until the correct form is filed.
9E	Full year residents of a reciprocal state (IL, IN, MI, OH, VA, WV, WI) are required to file Form 740-NP-R. Attach a copy of your state's return and a withholding statement to verify KY state tax to be

**ERROR CODES**  
**TY2013**

CODE	DESCRIPTION ON MAINFRAME
	refunded. Your refund is denied until the correct forms have been filed.
10	Due to an error on your return, the estimated tax penalty has been adjusted.

Red – changes to existing codes for TY2013

Highlighted – New additions for TY2013

## SYSTEM LETTERS FROM PF16

There are error codes that will generate a letter automatically rather than having to create an audit report or creating your own letter to send to the taxpayer. They are listed below:

- CF-Use this letter if you reduced their credit forward by any amount or to zero.
- R1-Use this letter if you are reducing their refund to \$0.
- R2-Use this letter if you are reducing their tax due to \$0.
- R3-Use this letter if you cannot verify the withholding or because they didn't send the other state return.
- R4-Use this letter if they requested a credit forward and a refund. The refund was completely denied and the credit forward could have been reduced or taken to \$0.

If you wish to use the system generated letters there are certain fields on PF16 that must be completed for the letter to generate correctly. You must enter:

**Error code:** You would enter the code of the letter you wish to use **and** any error code needed based on your adjustment. Error Codes: CF, R1, R2, R3 & R4

**Trans code:** If you are using a letter that the refund or credit forward is being adjusted to "0" you will need to make sure you use a Trans code 4.

**Refund and/or Credit Forward field:** Make sure you enter your adjusted refund and/or credit forward in the correct field for the figure to pull over to the letter.

IIT01A\*\*\*\* 2012 DEPT OF REVENUE INDIVIDUAL INCOME TAX ADJUSTMENT SCREEN 1 \*\*\*\*

\*\*\* I E 1 \*\*\*

RET VAL#		D E2		SSN1		CF, R1, R2, R3 and R4
FS 2	PP 6	NR 0.000	NRS	CNTY 056	ERR C	error codes go here.
FAM SZ 4						
DEPS	B 03		*	A 01		* CAL TX 15222.51
FED AGI	287370		*	82817		* DR 22221.51
ADDS	0		*	1036		* CR 22221.51
SUBTS	3181		*	9058		* OVER/U .00
DEDS	73987		*	19478		* TX PD .00
TOT CRD	0		*	0		* PEN/IN .00
CALC TX	12218.12		*	3004.39		* KY AGI 358984

Remember to put the refund and credit forward in  
the correct fields so the letter is printed correctly.

F3=IIT MENU  
F8=NEXT PAGE

TR CD 2 TR AMT 6999.00 CR FD .00 ADJ AMT .00 SIGN/CODE + 0

↑ Update TR CD here .00 LSD-A .00 G PAY .00

NAME

ADDRESS

CITY

ADDRESS 2

CF

TO:

VAL. #

DATE:

SUBJECT: 2013 INDIVIDUAL INCOME TAX ADJUSTMENT

AN ADJUSTMENT OF YOUR 2013 KENTUCKY INDIVIDUAL INCOME TAX RETURN DURING PROCESSING RESULTED IN A CHANGE IN THE AMOUNT OF OVERPAYMENT. THE AMOUNT YOU REQUESTED TO BE CREDITED TO NEXT YEAR'S TAX HAS BEEN CHANGED FROM \$0.00 TO \$0.00. THIS ADJUSTMENT WAS MADE FOR THE FOLLOWING REASON(S):

YOU WILL NEED TO MAKE THE NECESSARY ADJUSTMENTS ON YOUR REMAINING 2014 ESTIMATED TAX VOUCHERS. IF A TAX PREPARER IS USED, IT IS RECOMMENDED THAT THIS LETTER BE FORWARDED TO THEM FOR USE IN PREPARING YOUR 2014 TAX RETURN.

IF YOU ARE NOT IN AGREEMENT WITH THE CHANGE(S) ABOVE, YOU MUST FILE A WRITTEN PROTEST, STATING REASON(S) FOR THE PROTEST, WITH THE DEPARTMENT OF REVENUE WITHIN FORTY-FIVE (45) DAYS OF THE DATE OF THIS LETTER.

INDIVIDUAL INCOME TAXPAYER ASSISTANCE BRANCH

501 HIGH STREET

P.O. BOX 181, STATION 56

FRANKFORT, KY 40502-0181

(502) 564-4581

FAX (502) 564-3392

R2

TO:

VAL. #

DATE:

SUBJECT: 2013 Individual Income Tax Adjustment

An adjustment was made to your 2013 Kentucky individual income tax return that reduced your tax due to \$0.00. This adjustment was made for the following reason(s):

If you are not in agreement with the change(s) above, you must file a written protest, stating reason(s) for the protest, with the Department of Revenue within forty-five (45) days of this letter.

Individual Income Taxpayer Assistance Branch  
501 High Street  
P.O. Box 181, Station 56  
Frankfort, KY 40602-0181  
(502) 564-4581  
Fax: (502) 564-3392

R1

TO:

VAL. #

DATE:

SUBJECT: 2013 Individual Income Tax Adjustment

An adjustment was made to your 2013 Kentucky individual income tax return that reduced your refund to \$0.00. This adjustment was made for the following reason(s):

If you are not in agreement with the change(s) above, you must file a written protest, stating reason(s) for the protest, with the Department of Revenue within forty-five (45) days of this letter.

Individual Income Taxpayer Assistance Branch  
501 High Street  
P.O. Box 181, Station 56  
Frankfort, KY 40602-0181  
(502) 564-4581  
Fax: (502) 564-3392

R2

TO:

VAL. #

DATE:

SUBJECT: 2013 Individual Income Tax Adjustment

An adjustment was made to your 2013 Kentucky individual income tax return that reduced your tax due to \$0.00. This adjustment was made for the following reason(s):

If you are not in agreement with the change(s) above, you must file a written protest, stating reason(s) for the protest, with the Department of Revenue within forty-five (45) days of this letter.

Individual Income Taxpayer Assistance Branch  
501 High Street  
P.O. Box 181, Station 56  
Frankfort, KY 40602-0181  
(502) 564-4581  
Fax: (502) 564-3392



R3

TO:

VAL. #

DATE:

SUBJECT: 2013 Individual Income Tax Return

Your 2013 Kentucky individual income tax return was received incomplete.

The requested refund has been denied. The other state's return and/or the W-2 to verify the Kentucky withholding was not attached.

**Attach this letter with the missing information and send to the address below within thirty (30) days of the date of this letter or fax the information to (502) 564-3392. Upon faxing or sending the above requested information, please wait 10 business days to contact the Department of Revenue about the status of your return or the receipt of this information. Do not send another return.**

Should you have any questions, please call the phone number below.

INDIVIDUAL INCOME TAXPAYER ASSISTANCE BRANCH  
501 HIGH STREET  
P.O. BOX 181, STATION 56  
FRANKFORT, KY 40502-0181  
(502) 564-4581  
FAX (502) 564-3392

**Drop Out Codes List**  
**For Process Year 2014/ Tax Year 2013**

Code	Description																								
A	<p>"Garbage" (both non-numeric and numeric data) in the fields listed below:</p> <table><tr><td>Primary Dependents</td><td>Penalties &amp; Interest</td><td>Primary Federal AGI</td></tr><tr><td>Wildlife Fund</td><td>Primary Additions Adjustment</td><td>Breast Cancer Fund</td></tr><tr><td>Primary Subtractions</td><td>Child Victim Fund</td><td>Primary Deductions/Charitable Contrib.</td></tr><tr><td>Spouse Dependents</td><td>Withholding Tax</td><td>Spouse Federal AGI</td></tr><tr><td>Family Size Tax Credit</td><td>Spouse Additions Adjustment</td><td>Child Care Credit</td></tr><tr><td>Spouse Subtractions</td><td>Declaration</td><td>Spouse Deductions/Charitable Contrib.</td></tr><tr><td>Transaction Amount</td><td>Tax Paid</td><td>Credit Forward</td></tr><tr><td>Use Tax</td><td>Veteran Fund</td><td></td></tr></table>	Primary Dependents	Penalties & Interest	Primary Federal AGI	Wildlife Fund	Primary Additions Adjustment	Breast Cancer Fund	Primary Subtractions	Child Victim Fund	Primary Deductions/Charitable Contrib.	Spouse Dependents	Withholding Tax	Spouse Federal AGI	Family Size Tax Credit	Spouse Additions Adjustment	Child Care Credit	Spouse Subtractions	Declaration	Spouse Deductions/Charitable Contrib.	Transaction Amount	Tax Paid	Credit Forward	Use Tax	Veteran Fund	
Primary Dependents	Penalties & Interest	Primary Federal AGI																							
Wildlife Fund	Primary Additions Adjustment	Breast Cancer Fund																							
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Spouse Dependents	Withholding Tax	Spouse Federal AGI																							
Family Size Tax Credit	Spouse Additions Adjustment	Child Care Credit																							
Spouse Subtractions	Declaration	Spouse Deductions/Charitable Contrib.																							
Transaction Amount	Tax Paid	Credit Forward																							
Use Tax	Veteran Fund																								
B	"Garbage" in cites, state, and/or zip code.																								
C	Adjustment amount for an Adjustment Code 6 or 7 exceeds amount in "Penalty and Interest Paid" field.																								
CA	Refundable certified rehabilitation credit > 0																								
CB	Film industry tax credit > 0																								
CC	Railroad maintenance & improvement credit > 0																								
CD	ENDOW KY tax credit > \$0																								
CE	KY small business investment tax credit > \$0																								
CG	New markets development program tax credit > \$0																								
C1	All 740NP with credit for Tax Paid to another state > 0																								
C2	Skills Training Investment > 0																								
C3	Recycling Credit > 0.																								
C4	KIFA Credit > 0 (Ky. Investment Fund Act)																								
C5	Recycling Credit and Environmental Stewardship Credit both claimed																								
C6	KY Coal Credit and Clean Coal Credit both claimed																								
C7	Unemployment Tax Credit > than 0																								
C8	Energy Efficiency Credit for 740 > \$500.00																								
C9	Energy Efficiency Credit for 740NP > 0																								

D	"Upfront" dropout.
D2	Duplicate Return - allow +/- \$2.00 tolerance
E	<del>Refund exceeds \$20,999.99 (must use AP 4)</del> Removed TY2011
E1	<del>New Home Tax Credit &gt; 0</del> Obsolete TY2011
E2	Refund exceeds \$4,999.99
E3	Education Credit over \$500
F	Mathematically incorrect (does not crossfoot within tolerances).
F1	Single, FS=4, FSTC>0, SSN begins 9, refund > \$400
F2	SSN found on Death Master file
F3	More than 5 refunds issued to same address
F4	KY withholding exceeds 6% + \$25 of the FAGI (For paper & 2-D, only FAGI amount exists.) (Note: Will also occur if the following situation exists: Return Type is Electronic or Online and federal total wages is greater than 0 and KY withholding exceeds 6% of FAGI + \$25.
F5	Resident Ret, single filer, out of state address, ref >\$400, WH > 4% AGI
F6	NonResident Ret, single filer, no pr-yr filing, ref >\$400, WH > 4% AGI
F7	Online/state only, direct deposit request, single, refund >\$400
F8	KY withholding exceeds 6% + \$25 of the federal wages (For electronic & online filed returns, both FAGI & federal wage amounts exist.) (On 3/21/2013, changed the Dropout Reason F8 criteria to a match against Federal wages or federal AGI, whichever is greater. Also, changed the percentage to 6% + \$25.) If federal wages is not greater than 0, then error code F4 will be entered so the correct verbiage (FAGI or federal wages) is displayed to the user.
G	Political Party Fund error.
H	Questionable Wildlife Fund contribution.
I	Taxpayer's name is blank.
J	Invalid County Code.
K	Transaction Code cannot be changed to a "1" (Tax Paid).

<b>L</b>	Amount refunded cannot exceed Ky. Withholding, plus Declaration, plus Tax Paid, less Credit Forward, less Wildlife, less Child Victim, less Veteran Fund, less Breast Cancer, less Farms to Food Banks plus or minus adjustment amount.
<b>M</b>	Record has been dropped / kicked out previously.
<b>N</b>	No dependents claimed.
<b>O</b>	Non-resident return (Return Code 3) does not have valid %.
<b>P</b>	Credit Carried Forward in two fields
<b>Q</b>	County Code not numeric.
<b>QT</b>	Return not found on "Good TP List"
<b>R</b>	Penalty Code invalid (s/b 1, 2, 3, 4, 5, 6, 7, 8, 9, A, B, C or space).
<b>S</b>	Illegal Primary SSN.
<b>T</b>	Illegal Secondary SSN.
<b>U</b>	Illegal kickout code (s/b 1, 2, 3, 4, 5 or space).
<b>V</b>	Questionable Child Victim amount.
<b>W</b>	Illegal Political Party Code (s/b 1, 2, 3, 4, 5, 6, 7, 8 or space)
<b>X</b>	Declaration verification problem.
<b>Y</b>	Illegal Transaction Code (s/b 1, 2, 3, 4, C or S)
<b>Z</b>	Illegal Adjustment Code (s/b 2, 4, 5 and + or -)
<b>Z1</b>	Error in Family Size
<b>Z2</b>	Error in Family Size Credit
<b>01</b>	If Transaction Code is "S" the Transaction Amount or Credit Forward must be > 0
<b>02</b>	If Transaction Code is "1" (Tax Paid or Transaction Amount must be > 0
<b>03</b>	Transaction Code is "1" and both Tax Paid and Transaction Amount must be > 0
<b>04</b>	204 (G) payment made on this return.
<b>05</b>	Questionable Breast Cancer Fund contribution.

06	Filing Status illegal (1, 2, 3, 4) or bad name match.
07	Refund (TRS CD -2) on short return (Mail Code = 1) > \$999.99 (first pass edit only) <b>Removed 12/17/2010</b>
08	Questionable Veterans Fund contribution.
09	Child Care Credit > \$420.
10	Questionable Farms to Food Bank Trust Fund contribution.
&	Invalid non-resident Status Code (1, 2, 3, 4)
*	Credit for Child Care Credit and/or Low Income Credit disallowed.

Red – changes to existing codes for TY2013

Highlighted – New additions for TY2013

## Phone Etiquette Tips

Answer the phone with confidence, asserting this is the Department of Revenue, your name, how may I help you?

### Don't take it personal!

Everyone plays a key role in assisting taxpayers and their representatives via phone calls received. Below are some very helpful tips to keep in mind when answering the phones:

Customer service is key to success of any business. And dealing with irate customers and solving their problems is a critical element of that service. When dealing with an irate customer, take these steps:

- Listen carefully and with interest to what the customer is telling you.
- Apologize without laying blame, regardless of who is at fault.
- Put yourself in the customer's place, and respond in a way that shows you care about his or her concerns. Use phrases such as, "I understand that must be upsetting," or "I don't blame you for being upset; I would feel the same way."
- Ask pertinent questions in a caring, concerned manner, and actively listen to the answers.
- Suggest one or more alternatives that would address the customer's concerns.
- Solve the problem quickly and efficiently, or find someone who can.

Using these steps will quickly calm most unhappy or angry customers and allow you to address and solve their problems. Patience and tact are key.

It's important that, even if a customer is making outrageous statements and, in essence, throwing a fit, that you remain calm. Do not take those statements personally. Apologize, take the blame, and empathize with the customer, then solve the problem.

Just as important as what you should do, there are four things you should not do:

- Don't directly challenge someone who has a complaint and is angry. Even if that customer is wrong, don't attempt to prove it. Your goal is to solve the problem, not to enter into a debate on the merits of the complaint.
- Don't let the conversation wander or get off the topic. Solve the crisis at hand without looking for, and if finding, additional problems.
- Don't participate in fault finding. Shifting blame doesn't help anyone.
- Don't let your personal feelings get in the way. Stay cool and use courtesy and tact to diffuse the situation.

When a taxpayer becomes irate or may even already be upset when they call in; don't take it personally. Remember they are not upset with you; they are upset about the situation and will be regardless of who answers the phone. Remain professional and keep your cool; most of the time this is the quickest way to resolve the issue(s) and end the call.